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Overview

Payroll Administration and Responsibility

Payroll administration includes a broad range of activities that can include the following:

- Employee masterfile establishment
- Collecting and processing time and attendance data
- Leave authorization and monitoring
- Benefits administration
- Maintaining & updating employee data on pay rates, deductions, and other information subject to change
- Tax monitoring, reconciliation and reporting
- Pay edit and calculation
- Check and direct deposit administration

All employees have some level of responsibility for proper payroll administration and pay accuracy. Management is responsible for ensuring that a professional, supportive environment exists for administering payroll activities. Supervisors ensure that employees comply with established work schedules and authorize and report absences and overtime. Human Resources authorizes pay changes through timely updates to the Personnel Management Information System (PMIS). Employees update their W-4 forms, inform payroll administrators of discretionary deduction changes, and regularly review pay stubs to ensure information accuracy. Managers, supervisors, employees, and payroll professionals must work together to ensure pay is timely and accurate.

CIPPS Payroll Statistics

Throughout 2003, approximately 120,000 salaried and hourly employees were being paid using CIPPS, the state's central payroll system. Direct deposit of employee pay is used by 88% of salaried and 50% of all hourly employees. Gross payrolls processed, using CIPPS, in 2003 totaled $2.8 billion with total federal tax deposits of $310 million.

*Note: These figures do not reflect statistics related to decentralized agencies.

Overview, Continued

History of CIPPS

Development work for CIPPS began in 1984 and implementation was completed in 1986. CIPPS is based on packaged software developed by McCormack and Dodge, now GEAC Computer Corporation Limited.

State Administered Benefit Programs

Benefit programs offered through CIPPS include:

- VRS Administered retirement plans
- Optional Retirement Plans for higher education institutions and political appointees
- Deferred compensation and tax-sheltered annuity plans and cash match programs
- Health insurance
- Flexible spending accounts for medical and dependent care
- Miscellaneous insurances
- U.S. Saving bonds
- Group and Optional life insurance
- Combined Virginia Campaign
- Virginia Short-term Disability Plan
- Virginia Prepaid Education Program
- Virginia Education Savings Trust

Management's Responsibility for Payroll Administration

Agency Head Responsibility

Agency heads are ultimately responsible for the fiscal management of their agencies and/or institutions. Although fiscal activities can usually be delegated to their staff, agency heads should be aware of the problems that could arise if policies and procedures are not followed and should ensure that their employees incorporate and use the controls available to minimize this risk.

Internal Control

CIPPS and its related procedures are constructed to provide reasonable, but not absolute, control over the payroll process. Some payroll activities are not controlled by CIPPS such as:

- Compliance with work schedules
- Authorization of overtime
- Proper tax withholding based on accurate employee information

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CIPPS Controls

No payroll system or set of controls will stop all errors in pay generation. However, agency management and staff should gain an understanding of the controls available within the system, ensure that they are properly employed, and establish additional controls, if warranted, to reduce possible misuse of the payroll process and detect errors when they occur.

CIPPS Security

Agencies must submit to DOA's Disbursements Review and Assistance Section an annual Authorized Signatories Form DA-04-121 to identify those persons with payroll "disbursement" authority. These individuals are the only agency employees authorized to certify payroll and have the responsibility for establishing and controlling CIPPS user security for their agency. Proper implementation of security assignments and observance of security measures ensure that only authorized persons have access to essential data and are able to make changes to employee pay records.

DOA performs an annual audit of all agencies' security access to ensure the security information is current for each agency and to assist agencies in monitoring and maintaining accurate security access within their agency. Refer to CAPP Topic 50210, *User System Security,* for detailed information on CIPPS security.

Management's Responsibility for Payroll Administration, Continued

CIPPS Passwords

Password access to CIPPS is obtained from DOA by completing the CIPPS Security Authorization Request Form and returning the form to the CIPPS Security Coordinator at DOA. The CIPPS Security Coordinator then contacts the authorized users at the agency and provides the assigned password. Every 90 days CIPPS prompts users for a password change which must be changed online by the user. When employees terminate or no longer need access to CIPPS, another CIPPS Security Authorization Request Form, requesting termination of the employee's security. Passwords should never be shared at the agency between users.

The form referenced above is available on the DOA web site, at www.doa.virginia.gov under DOA Forms.

Payroll Certification

For each payroll cycle, the agency fiscal officer or designee is responsible for ensuring that pay is accurately calculated, reconciliations are performed and regulatory reports filed. This review can be performed solely by the fiscal officer or can be designed to enlist other agency staff to assist with the review. Prior to authorizing payroll processing, however, the responsible person must certify that a review has occurred and that the payroll is accurate. Refer to CAPP Topic No. 50815, *CIPPS Payroll Certification*, for detailed information regarding Payroll Certification.

Payroll Staff Training

An important factor to ensure pay accuracy is the training and qualifications of a professional payroll staff. Payroll administration is highly complicated and requires specialized skills and knowledge. Familiarity with tax law, labor law and regulation, accounting, and data processing are necessary to be a well-rounded payroll professional. Knowledge in these areas enables the payroll professional to be versatile and to manage payroll in virtually any environment. The shared body of knowledge and skills required of a payroll professional includes:

Management's Responsibility for Payroll Administration, Continued

Payroll Staff Training, cont'd

- Generally accepted accounting principles relating to wages, benefits, compensation and tax accounting
- Federal and state laws governing the taxation and reporting of wages and record keeping requirements
- Preparation of federal and state employment tax returns and information statements
- General knowledge of hardware and software technology, including the principles of operating automated payroll systems
- Application of managerial skills including communications, supervision, and financial planning and analysis
- Employee benefits administration, taxation, and reporting requirements
- Laws governing garnishments, levies, and other deductions from wages
- Federal and state wage-hour laws
- Customer service

Payroll Education and Training

General education in payroll skills is provided by various payroll associations and communicated through professional periodicals. Agencies are encouraged to hire employees with specific payroll administration knowledge and experience, and support them with appropriate continuing education and training.

Specific CIPPS training is provided by DOA training sessions (discussed later in this topic). Separate sessions are routinely offered for payroll and leave administrators. Topic specific courses are presented as necessary.

DOA Training Programs

Introductory Payroll Training

Training is conducted as a lecture and hands-on workshop for agency personnel who process payroll or anyone who needs to understand the details of how CIPPS processes information. Training is conducted over 4 work days. This class is also recommended for fiscal and/or audit personnel who work with CIPPS generated reports to reconcile payroll expenditures in CARS or audit an agency's payroll function.

DOA Training Programs, Continued

Course Objectives

The objective is to train agency personnel to:

- Establish and maintain employee masterfile data
- Enter regular, overtime and/or shift differential payments
- Establish and change employee deductions
- Enter special payments (other than regular and overtime)
- Process deduction and tax refunds
- Void payroll checks
- Review edit and payrun reports
- Enter all payroll information online

Introductory Leave Training

Training is conducted for individuals who currently process leave data on CIPPS, or for anyone interested in converting to the CIPPS leave accounting system. The class is both a lecture and hands-on workshop.

Course Objectives

The objectives of CIPPS leave accounting training are to:

- Train agency personnel in the processing of leave data in CIPPS
- Define how to establish and maintain employee leave data
- Review the various reports and their uses

CIPPS Processing

CIPPS Payroll Process

The table below describes the process followed by agency staff and DOA to initiate and complete payroll processing in CIPPS.

Stage	Description
1	Agency Payroll Staff use online interactive terminals to record employee masterfile and time and attendance changes in CIPPS. Staff may enter changes anytime they are received or collect them for entry all at once.
2	CIPPS edits most employee masterfile information when entered online. Errors are detected and corrections made concurrently by agency payroll staff. Additional edits are applied during nightly payruns to detect errors not identified online. Errors are reported to agencies for resolution the next day. A report is also provided to agencies that shows how the payroll will look if approved for final processing.
3	The agency fiscal officer, or his designee, must authorize the payroll before DOA processes it in its final form. This authorization should not occur until the officer has reviewed the payroll and is confident the payroll information is reasonably correct and changes submitted are proper. For further information on the authorization guidelines, refer to CAPP Topic No. 50810, *Payroll Certification.*
4	Once authorization is received and payrolls are processed, paychecks, direct deposit notices, third party checks, and regulatory and management reports are produced. Reports are printed onsite at the agency, loaded to a web-accessed report repository (Reportline) or printed at DOA and mailed to the agency. Checks and direct deposit notices are printed by the Department of Treasury and distributed.

Early Paycheck Distribution

Paychecks should not be distributed early except when it is necessary to ensure that certain employees, such as field personnel, receive them timely. In instances where early distribution of paychecks is warranted, under no circumstances should these checks be deposited or cashed before the designated pay date. Agencies should implement policies to inform employees accordingly.

The Department of the Treasury monitors adherence to such policies and notifies specific agencies of deficiencies when detected.

CIPPS Processing, Continued

Reports Distribution

Reports are electronically distributed to agencies for remote site printing using the reports management distribution system. When necessary, agencies have the option of requesting reports to be printed at DOA and subsequently mailed. Agencies decide how reports are received, but electronic transmission and remote site printing are encouraged.

CIPPS System Interfaces

External Data Users

CIPPS interfaces are provided to accommodate defined requirements of external payroll data users as follows:

State Agencies	Third Party Administrators and Vendors
Virginia Retirement System • Group and Optional Life Insurance • Long-term Disability • Retirement Contributions • Retirement Health Credit Payroll accounting transactions for input into the Commonwealth Accounting and Reporting System (CARS) Auditor of Public Accounts Department of Taxation—Calendar Year End Reporting of federal and state tax data Department of Treasury • Check reconciliation tape • Check write file • Void check tape • Direct Deposit file Virginia Employment Commission • New Hire Report (monthly) • Quarterly Tax Tape Agency data extractions such as employee and earnings history Virginia College Savings Plan Department of Social Services (Division of Child Support Enforcement)	Flexible Spending Accounts • Medical FSA • Dependent Care Deferred Compensation/Cash Match Insurance and Annuities/Cash Match Optional Retirement plans for faculty • TIAA/CREF • Fidelity Investments Optional Retirement plan for political appointees Combined Virginia Campaign (CVC) Originating Financial Institutions • Direct Deposit • FAD deposits through Ceridian Federal Reserve Bank - US Savings Bonds

DOA Contacts

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Subject Cross References

References   CAPP Topic No. 50210, *User System Security*
CAPP Topic No. 50815, *Payroll Certification*